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Letter No. 2320

July 9, 1987

JULY GATT

According to the U.S. Department of Agriculture, at the July GATT meeting in Geneva, the U.S. made the following proposals: Eliminate over a ten year period all foreign subsidies and domestic subsidies that affect trade; Eliminate all trade barriers; and institute uniform animal and plant health regulations to prevent non-tariff barriers to agricultural trade. The next GATT meeting is in October. The members will meet informally in September. The talks are expected to be continued over a period of two or three years.

COMMON PROVISIONS
OF 1988 FARM
PROGRAMS

According to Sec'y of Agriculture Richard Lyng, a limited cross compliance will be in effect for the 1988 crops of wheat, feed grains, upland cotton and rice. To be eligible under the cross compliance provision for price support loans, purchases or payments for these crops, the acreage planted for harvest on a farm may not exceed the crop acreage bases for those commodities. Eligibility for a program payment and a loan for a program commodity on a farm will not be affected by actions taken with respect to that commodity on another farm. Production of nonprogram crops will not be permitted under the 50/92 provision. Production of alternate crops on the designated Acreage Conservation Reserve will not be permitted. The authority for farmers to adjust any crop acreage base with a corresponding downward adjustment in other crop acreage base with a corresponding downward adjustment in other crop acreage base on the farm will not be permitted. Generic commodity certificates will continue to be a part of the 1988 farm programs, if needed.

1988 WHEAT
PROGRAM

Sec'y of Agriculture Richard Lyng announced a required 27-1/2 percent acreage reduction and other provisions of the 1988 wheat program. Other provisions include: A loan rate of \$2.17 a bushel, a 20 percent reduction from the basic loan rate of \$2.71; the established target price is \$4.29 per bushel; a paid land diversion program will not be implemented; no marketing loan or related program provisions will be implemented; producers will be required to maintain in acreage conservation reserve an area equal to 37.93 percent of program payment acreage; and the upper limits on the farmer-owned reserve quantity will be no more than 17 percent of estimated domestic and export use for the 1988/89 marketing year.

E. EUROPE
AGRICULTURE
REBOUNDS

Eastern Europe's economic performance improved during 1986, according to the U.S. Department of Agriculture. East European grain output totaled 113 million tons, up 6 percent from 1985 and the second largest crop ever. The German Democratic Republic, Romania, Poland and Yugoslavia all harvested record crops. The wheat and corn crops rose to 39 million tons each almost entirely on the strength of higher yields. Grain imports in calendar year 1986 were an estimated 7 million tons, down from 8 million in 1985. The region remained a net importer, but only of 2 million tons, compared with average net imports of 5 million 800 thousand tons in 1981-85.

U.S. AG
EXPORTS TO
E. EUROPE

U.S. agricultural exports to Eastern Europe in calendar year 1986 fell 10 percent to \$433 million, as animal product exports plunged 31 percent, according to the U.S. Department of Agriculture. Coarse grain exports also declined, and cotton exports fell to almost nothing. Because of the Export Enhancement Program, wheat exports rose from 85,000 tons in 1985 to 423,000 tons. Exports are projected to rise somewhat in 1987, as large wheat and coarse grain shipments continue under the enhancement program.

1987 PRODUCTION
IN E. EUROPE

Agricultural production in Eastern Europe in 1987 will probably be only slightly higher than in 1986, according to the U.S. Department of Agriculture. The region's excellent agricultural performance in 1986 plus an extremely cold winter will make it difficult for Eastern Europe to post another strong year-to-year gain. The grain output is forecast at 108 to 113 million tons. Little change is expected in oilseeds and other crops. Due to the severe winter, meat output may rise only 1 percent. Farm exports probably will increase in 1987, but prices will remain low, and the overall balance of payments problems likely will continue.

FINAL PAYMENTS
FOR 1986 BARLEY
& OATS

The U.S. Department of Agriculture will make approximately \$110 million to \$115 million in final payments to eligible producers of 1986 crop barley and oats. Eligible barley producers will receive about \$110 million and oat producers about \$2 million. The final payments, combined with advance payments and additional payments in December, will result in 1986 payments of approximately \$350 million for barley producers and \$32 million for oat producers.

RESERVE OATS

Producers may no longer redeem oats pledged as collateral for Farmer-Owned Reserve loans without paying a penalty. U.S. Department of Agriculture made the decision following a review by the Commodity Credit Corporation on July 1 average market prices. The national average adjusted price of \$1.48 per bushel for oats on July 1 was 12 cents below the reserve trigger release level. Storage payments for reserve oats will continue.

DAIRY
TERMINATION
UPDATE

An estimated 6,600 head of dairy cattle were slaughtered in federally-inspected plants during the week ending June 13 as a result of the Dairy Termination Program, according to the U.S. Department of Agriculture. The cumulative total of cattle slaughtered from April 1, 1986, through June 13, 1987, is an estimated 1,116,000 head.

FROM OUR
TELEVISION
SERVICE

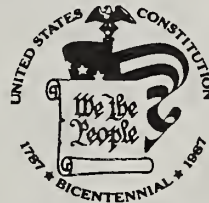
U.S. WEATHER AND CROP UPDATE...Most U.S. spring and summer crops are in the ground and ahead of schedule in terms of growth. USDA chief meteorologist Dr. Norton Strommen offers the latest weather and crop update. DeBoria Janifer interviews. (231)

TRADE REFORMS...The U.S. has urged its trading partners to join in a restructuring of farm policies that would phase out subsidies within ten years and allow free trade in agriculture. Secretary of Agriculture Richard Lyng and U.S. Trade Ambassador Clayton Yeutter outline the proposals. Vic Powell interviews. (232)

WORLD AGRICULTURAL OUTLOOK...Despite an inflation rate in developing countries that may exceed 60 percent, foreign economic growth in 1987 is forecast at a little over 2 percent, down from last year's nearly 3 percent. USDA economist Cecil Davison discusses world agriculture outlook. Vic Powell interviews. (233)

OUTLOOK FOR EASTERN EUROPE...Eastern Europe's lack of competitiveness in manufacturing sectors has contributed to the region's declining share of world trade. USDA economist Francis Urban focuses on factors contributing to the outlook. Vic Powell interviews. (234)

ARS RESEARCH FEATURES...USDA research scientists in Gainesville, Fla., are studying the use of sterile male flies for bio-control; and conducting research with tiny parasitic wasps to control houseflies. Will Pemble reports. (235)



FROM OUR RADIO
SERVICE

AGRICULTURE USA #1571...(Weekly 13½ min documentary) The meetings of the General Agreement on Tariffs and Trade have started. The U.S. has begun the talks with a controversial proposal to wipe out all agricultural subsidies within ten years. Doug Wakefield has a report on what's behind these talks and what they could mean.

AGRITAPE/FARM PROGRAM REPORT #1560...(Weekly reel of news features) USDA news highlights; 1988 wheat program details; Common provisions of feed grains/cotton programs announced; New conservation reserve signup; U.S. reveals broad ag. trade initiative at GATT meeting.

CONSUMER TIME #1052...(Weekly reel of news features) Saturated vis. unsaturated fats; Unloading your junk; Unfit kids; Storing fat; Camp stamps.

USDA RADIO NEWS SERVICE...Fri, July 17, Agricultural outlook report, World coffee situation; Mon, July 20, Dairy outlook; Tues, July 21, Crop and weather update; Wed, July 22, World food needs; July 23, World coffee situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Paul Pippert (WIBW, Topeka, KS) is in Europe for a two-week working visit. The first half of the trip will be as a guest of Ciba-Geigy as last year's "Farm Broadcaster of the year." Paul plans to stay over another week to produce stories for broadcast ... Speaking of WIBW, the station received the coveted Founders Cup award from Stauffer Communications. The award is presented to the broadcast station or print entity that does the best job of community service related work throughout the year. The award was based largely on the work the station's three person farm staff (Kelly Lenz, Kathy Patton, and Paul Pippert) did in organizing, coordinating and reporting on the Kansas hay train project last year. Our congratulations!! ... Speaking of notoriety, Max Stewart (KXOK, St. Louis, MO) used to do an hour-long show called "Mornings with Max" from 5-6 a.m. daily. Then an Arbitron study showed the program was the highest rated hour on the station. As a result, the station expanded Max's air time to four hours. He's now doing

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his "Mornings with Max" show from 2:00 a.m. to 6:00 a.m. Wow! ... Still with notoriety, the July 6 issue of Broadcasting magazine puts the spotlight on Orion Samuelson (WGN, Chicago, IL) in its regular "Fifth Estater" feature. Nice write up and some interesting insights into how a person becomes a farm broadcaster and the challenges of the work ... And still with notoriety, the June issue of the Kansas Country Living magazine features Hugh Robinson (KKOW, Pittsburg, KS), picture and all. Incidentally, Hugh reflected back on an earlier comment we had made about how rounded-end toothpicks can be made and sold so cheaply. He said they were made by little folks using pencil sharpeners in Taiwan. (Sure they are) ... Wade Wagner (KGAN-TV, Cedar Rapids, IA) is back from a week's working jaunt in Japan. He and station cameraman Dave Siebert spent the week shooting videotape for a television special and an 8-part series Wade is producing.


JAMES L. JOHNSON, Chief, Radio and Television Division